

**WEST HILLS COMMUNITY  
COLLEGE DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2015**

# WEST HILLS COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2015

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
West Hills Community College District  
Coalinga, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (West Hills Community College Foundation), and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 66, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 67, and the Schedule of District Contributions on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplementary information on pages 96 through 102 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 29, 2015



# WEST HILLS

## COMMUNITY COLLEGE DISTRICT

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West Hills College Coalinga    West Hills College Lemoore    North District Center, Firebaugh    Naval Air Station, Lemoore

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,"* which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB issued Statement No. 35, *"Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* which applies these new reporting standards to public colleges and universities such as the West Hills Community College District (the District). The following discussion and analysis provides an overview of the District's financial activity. This report presents this information in a comparative format. Responsibility for the completeness and fairness of this information rests with the District.

#### ***USING THIS ANNUAL REPORT***

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The focus of the Statement of Net Position is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

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### *FINANCIAL HIGHLIGHTS*

- The District's primary funding source is "State Apportionment as defined by SB 361" received from the State of California through the State Chancellor's Office. These funds are comprised of State apportionment, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2014-2015 fiscal year, the District's actual FTES was 5,314 but the State funded only 5,100 while the actual FTES in the 2013-2014 fiscal year was 5,200 and the funded FTES was 4,898. These FTES are generated at the District's Coalinga and Lemoore College campuses, as well as various satellite locations.
- The District ended the year with an Unrestricted General Fund balance of approximately \$4.0 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately 11 percent in reserves.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs decreased from \$42.3 million for the 2013-2014 fiscal years to \$41.3 million during the 2014-2015 fiscal years. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District continues several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$15.8 million. This aid is provided through grants, and loans from the Federal government, State Chancellor's Office, and local funding.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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Condensed financial information (in thousands) is as follows:

### NET POSITION

As of June 30, 2015 and 2014

	2015	2014 (as restated)	Change
ASSETS			
Current Assets			
Cash and investments	\$ 38,261	\$ 98,520	\$ (60,259)
Accounts receivable	6,099	10,192	(4,093)
Due from trust and agency funds	112	717	(605)
Prepaid	69	30	39
Total Current Assets	<u>44,541</u>	<u>109,459</u>	<u>(64,918)</u>
Non-Current Assets			
Capital assets, net of depreciation	124,788	131,023	(6,235)
Net Plan Asset-GASB 45	2,663	2,754	(91)
Total Non-Current Assets	<u>127,451</u>	<u>133,777</u>	<u>(6,326)</u>
Total Assets	<u>171,992</u>	<u>243,236</u>	<u>(71,244)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year pension contribution	<u>2,457</u>	<u>2,397</u>	<u>60</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	3,058	3,509	(451)
Due to trust and agency funds	778	96	682
Unearned revenue	7,541	5,256	2,285
Long-term liabilities	1,683	1,552	131
Total Current Liabilities	<u>13,060</u>	<u>10,413</u>	<u>2,647</u>
Non-Current Liabilities			
Long-term liabilities	<u>94,251</u>	<u>168,653</u>	<u>(74,402)</u>
Total liabilities	<u>107,311</u>	<u>179,066</u>	<u>(71,755)</u>
DEFERRED INFLOWS OF RESOURCES			
Difference between projected and actual earnings on pension plan investments	<u>8,495</u>	<u>-</u>	<u>8,495</u>
NET POSITION			
Net investment in capital assets	82,977	83,742	(765)
Restricted for expendable purposes	3,183	8,054	(4,871)
Unrestricted	(27,517)	(25,229)	(2,288)
Total Net Position	<u>\$ 58,643</u>	<u>\$ 66,567</u>	<u>\$ (7,924)</u>

This schedule has been prepared from the District's Statement of Net Position (page 13), which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

The changes in the cash position are explained in the Statement of Cash Flows (pages 15 and 16).

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

### Operating Results for the Years Ended June 30, 2015 and 2014

	2015	2014	Difference
OPERATING REVENUES			
Tuition and fees	\$ 2,390	\$ 2,358	\$ 32
Auxiliary sales and charges	911	918	(7)
Total Operating Revenues	3,301	3,276	25
OPERATING EXPENSES			
Salaries and benefits	41,260	42,308	(1,048)
Other expenses	15,912	14,013	1,899
Depreciation	4,900	5,521	(621)
Total Operating Expenses	62,072	61,842	230
NET LOSS ON OPERATIONS	(58,771)	(58,566)	(205)
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	24,485	24,016	469
Grants and contracts	21,547	23,339	(1,792)
Property taxes	4,536	6,511	(1,975)
State revenues	939	1,027	(88)
Interest income	920	1,688	(768)
Interest expense	(4,297)	363	(4,660)
Net transfers (to)/from trust and agency funds	(1,879)	(1,345)	(534)
Other non-operating revenues	741	3,222	(2,481)
Total Nonoperating Revenues	46,992	58,821	(11,829)
OTHER REVENUES			
Local revenues, capital	3,855	1,261	2,594
Total Other Revenues	3,855	1,261	2,594
NET INCREASE (DECREASE) IN NET POSITION	\$ (7,924)	\$ 1,516	\$ (9,440)

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position presented on page 14.

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$58.8 million is mostly balanced by the other funding sources resulting in a decrease in the District's Net Position of \$7.9 million, including the reduction of \$35.5 million in Net Position resulting from the implementation of GASB Statement No. 68.

Auxiliary revenue consists of Food Service and Farm revenues.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

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Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The interest income is primarily the result of cash held at the Fresno County Treasurer. The interest expense relates to interest payments on the long-term obligations which are described in Note 10 of the financial statements.

The District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 6.

### Statement of Cash Flows for the Years Ended June 30, 2015 and 2014

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	<u>2015</u>	<u>2014</u>	<u>Difference</u>
CASH PROVIDED BY (USED IN)			
Operating activities	\$ (53,333)	\$ (52,288)	\$ (1,045)
Noncapital financing activities	60,375	60,105	270
Capital financing activities	(68,240)	(11,753)	(56,487)
Investing activities	940	979	(39)
Net Increase in Cash and Cash Equivalents	<u>\$ (60,258)</u>	<u>\$ (2,957)</u>	<u>\$ (57,301)</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it come from the general resources of the State and not from the primary users of the colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

### Functional Expenditures

In accordance with requirements set forth by the California State Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Year ended June 30, 2015:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 9,591,025	\$ 2,429,369	\$ 682,633	\$ 897,820	\$ -	\$ 13,600,847
Academic support	5,122,591	1,465,406	1,413,211	309,322	-	8,310,530
Student services	5,048,275	1,904,636	1,199,154	16,128,305	-	24,280,370
Plant operations and maintenance	1,150,013	638,663	2,288,156	796,292	-	4,873,124
Instructional support services	3,131,206	1,550,854	168,028	4,801,601	-	9,651,689
Community services and economic development	881,827	256,273	436,153	255,400	-	1,829,653
<b>Ancillary services and auxiliary operations</b>						
CDC, Farm, Cafeteria, Parking, Athletics, RH	4,280,472	1,600,435	3,542,957	48,130	-	9,471,994
Contract Education	392,035	131,795	182,853	80	-	706,763
Other Auxillary Operations	149,813	59,722	243,615	-	-	453,150
<b>Trust and agency activities</b>						
Physical Prop & Acquisitions	344,898	110,214	89,267	173,648	-	718,027
Long-term Debt	-	-	-	177,653	-	177,653
Other financing	-	-	595,184	83,057,933	-	83,653,117
Student Aid (Scholarships)	-	-	-	183,850	-	183,850
Other Outgo (Accum Vac/Comp) and bad debt write-off	15,292	-	40,531	-	-	55,823
<b>Depreciation expense-unallocated</b>	-	-	-	-	4,899,715	4,899,715
<b>Total</b>	<b>\$ 30,107,447</b>	<b>\$ 10,147,367</b>	<b>\$ 10,881,742</b>	<b>\$ 106,830,034</b>	<b>\$ 4,899,715</b>	<b>\$ 162,866,305</b>

The functional expense table has not been adjusted for the GASB 35 conversion entries, therefore some amounts may differ from those presented on the Statement of Revenues, Expenses and Changes in Net Position.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

Year ended June 30, 2014:  
(as restated)

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 11,127,177	\$ 2,720,926	\$ 952,872	\$ 1,832,898	\$ -	\$ 16,633,873
Academic support	6,214,983	1,667,959	1,932,511	394,510	-	10,209,963
Student services	4,991,077	1,782,630	1,159,094	16,109,430	-	24,042,231
Plant operations and maintenance	1,113,339	590,362	1,316,047	396,089	-	3,415,837
Instructional support services	3,304,636	1,495,134	1,011,303	4,278,724	-	10,089,797
Community services and economic development	819,576	240,079	364,518	244,297	-	1,668,470
<b>Ancillary services and auxiliary operations</b>						
CDC, Farm, Cafeteria, Parking, Athletics, RH	4,242,153	1,576,559	3,424,298	42,400	-	9,285,410
Contract Education	139,430	15,509	33,040	-	-	187,979
Other Auxillary Operations	149,903	65,342	331,045	-	-	546,290
<b>Trust and agency activities</b>						
Physical Prop & Acquisitions	314,175	95,813	109,090	173,648	-	692,726
Long-Term Liabilities	-	-	-	239,967	-	239,967
Other financing	-	-	1,450,449	7,738,469	-	9,188,918
Student Aid (Scholarships)	-	-	-	162,112	-	162,112
Other Outgo (Accum Vac/Comp) and bad debt write-off	(3,319)	-	28,227	-	-	24,908
<b>Depreciation expense-unallocated</b>	-	-	-	-	5,521,442	5,521,442
<b>Total</b>	<b>\$ 32,413,130</b>	<b>\$ 10,250,313</b>	<b>\$ 12,112,494</b>	<b>\$ 31,612,544</b>	<b>\$ 5,521,442</b>	<b>\$ 91,909,923</b>

The functional expense table has not been adjusted for the GASB 35 conversion entries, therefore some amounts may differ from those presented on the Statement of Revenues, Expenses and Changes in Net Position.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

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### ***ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT***

The 2015-2016 State Budget represents an increase in funding for both COLA and growth in the amount of 1.02 percent and 3.55 percent, respectively, which is an increase of 181 FTES. Based on the current status of the economic conditions in the State there is a good chance that there will be additional COLA and growth for the next couple fiscal years. In addition to these funds the State is now providing additional funding for areas of student access and success of our students. The funding for these two programs increased by about \$1 million or 81 percent over the 2014-2015 FY. There is a primary focus on the achievements of our students that can be measured and thus will become the new platform from which additional funding will be provided above and beyond the COLA and growth funds. The overall revenues for the State continue to surpass the budget but the challenge will be to control the expenses. All the mandated costs have been funded in the 2015-2016 FY budget with a block grant amounting to \$2.9 million for the District. This is one time funding and makes the District whole from all previous years of un-funded mandate costs. Additionally all deferrals have now been funded and there are no deferrals going forward. This will provide additional resources for the District should this materialize.

The District will continue to be very cautious and conservative in our budget planning going forward until such time as the economic indicators provide reason to change our approach. The District has never relied on Sacramento to solve problems at the local level and will not do so in the future. The District continues to benefit from funding received on our new market tax credit programs.

The State is in a much better position that it has been for several years; however, we need to remember that in a couple of years the tax increase voted for sales taxes and income taxes under Prop 30 will expire, which was a source of several billion dollars. The economic engine for California will be the creation of jobs that will generate tax revenue from both income and sales taxes. The West Hills Community College District is well positioned to provide the necessary training and re-training required for the workforce to meet the demands of the private sector. We continue to watch all expenses and consider every position that is vacated before replacing them.

There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net position) or results of operations (revenues, expenses, and changes in net position) of the District. There is currently a concern that the economy continues to slow which the District is monitoring and will take the appropriate action necessary to remain fiscally sound.

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Ken Stoppenbrink, Deputy Chancellor, at West Hills Community College District, 9800 Cody Street, Coalinga, California 93210, or e-mail at [kenstoppenbrink@whccd.edu](mailto:kenstoppenbrink@whccd.edu).

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET POSITION - PRIMARY GOVERNMENT JUNE 30, 2015

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### ASSETS

#### Current Assets

Cash and investments	\$ 15,464,514
Restricted cash and cash equivalents	22,796,887
Accounts receivable	3,325,470
Student loans receivable	2,773,367
Due from trust and agency funds	111,571
Prepaid expenses - current portion	69,011

#### Total Current Assets

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44,540,820

#### Noncurrent Assets

Net plan asset-GASB 45	2,662,793
Nondepreciable capital assets	8,076,509
Depreciable capital assets	169,695,696
Less: Accumulated depreciation	(52,984,254)

#### Total Noncurrent Assets

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127,450,744

#### TOTAL ASSETS

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171,991,564

### DEFERRED OUTFLOWS OF RESOURCES

Current year pension contribution	2,457,286
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### LIABILITIES

#### Current Liabilities

Accounts payable	3,058,392
Due to trust and agency funds	778,350
Unearned revenue	7,541,078
Long-term liabilities	1,682,868

#### Total Current Liabilities

---

13,060,688

#### Noncurrent Liabilities

Compensated absences payable	1,512,336
Aggregate net pension obligation	29,502,069
Long-term liabilities	63,236,306

#### Total Noncurrent Liabilities

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94,250,711

#### TOTAL LIABILITIES

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107,311,399

### DEFERRED INFLOWS OF RESOURCES

Difference between projected and actual earnings on pension plan investments	8,494,496
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### NET POSITION

Net investment in capital assets	82,977,192
Restricted for:	
Debt service	3,022,155
Other activities	160,436
Unrestricted	(27,516,828)

#### TOTAL NET POSITION

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\$ 58,642,955

The accompanying notes are an integral part of these financial statements.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2015

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### OPERATING REVENUES

Tuition and Fees	\$ 2,389,671
Auxiliary Sales and Charges	
Cafeteria	760,579
Farm	150,757
<b>TOTAL OPERATING REVENUES</b>	<u>3,301,007</u>

### OPERATING EXPENSES

Salaries	30,127,390
Employee benefits	11,132,195
Supplies, materials, and other operating expenses and services	15,912,743
Depreciation	4,899,715
<b>TOTAL OPERATING EXPENSES</b>	<u>62,072,043</u>

### OPERATING LOSS

(58,771,036)

### NON-OPERATING REVENUES (EXPENSES)

Grants and Contracts, noncapital:	
Federal	8,792,704
State	11,357,274
Local	1,397,719
State apportionments, noncapital	24,484,627
Local property taxes, levied for general purposes	4,535,626
State taxes and other revenues	938,602
Investment income, net	920,372
Interest and other expenses on debt	(4,296,974)
Net transfers (to)/from trust and agency funds	(1,879,225)
Other non-operating revenues	741,720
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>46,992,445</u>

### LOSS BEFORE OTHER REVENUES

(11,778,591)

### OTHER REVENUES

Local revenues, capital	3,854,752
<b>TOTAL OTHER REVENUES</b>	<u>3,854,752</u>

### CHANGE IN NET POSITION

(7,923,839)

### NET POSITION, BEGINNING OF YEAR

101,980,720

### PRIOR PERIOD RESTATEMENT

(35,413,926)

### NET POSITION, END OF YEAR

\$ 58,642,955

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2015

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### CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 2,488,181
Payments to vendors for supplies and services	(15,547,997)
Auxiliary sales	911,336
Payments to or on behalf of employees	(41,184,670)
<b>Net Cash Flows Used By Operating Activities</b>	<b>(53,333,150)</b>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	28,199,630
Non-capital grants and contracts	24,961,574
Property taxes - nondebt related	5,434,794
State taxes and other apportionments	938,602
Other nonoperating	840,227
<b>Net Cash Flows From Noncapital Financing Activities</b>	<b>60,374,827</b>

### CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	783,481
Proceeds from capital debt	18,449,682
Loss from sale of capital assets	(344,038)
Local revenue, capital projects	3,854,752
Principal paid on capital debt	(84,807,248)
Interest and expenses paid on capital debt	(6,176,199)
<b>Net Cash Flows Used by Capital Financing Activities</b>	<b>(68,239,570)</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	91,197
Interest received from investments	847,974
<b>Net Cash Flows From Investing Activities</b>	<b>939,171</b>

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(60,258,722)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>98,520,123</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 38,261,401</b>

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT, Continued FOR THE YEAR ENDED JUNE 30, 2015

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### RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	<u>\$ (58,771,036)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	4,899,715
Changes in Assets and Liabilities:	
Receivables, net	59,614
Prepaid expenses	(38,688)
GASB 45, Net Plan Asset	91,197
Accounts payable and accrued liabilities	(451,131)
Unearned revenue	1,180,210
Current portion of long-term obligations	<u>(303,031)</u>
Total Adjustments	<u>5,437,886</u>
Net Cash Flows Used by Operating Activities	<u><u>\$ (53,333,150)</u></u>

### NON CASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 707,428</u></u>
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The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2015

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	<b>Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Deposits and investments	\$ 6,737,693	\$ 315,061
Receivables	-	168,214
Due from other funds	543,947	234,403
Prepaid expenses	-	56,102
<b>Total Assets</b>	<u>7,281,640</u>	<u>773,780</u>
<b>LIABILITIES</b>		
Accounts payable	-	523,602
Due to other funds	41,896	69,675
Due to student groups	-	98,507
Unearned revenue	-	81,996
<b>Total Liabilities</b>	<u>41,896</u>	<u>773,780</u>
<b>NET POSITION</b>		
Restricted	7,239,744	-
<b>Total Net Position</b>	<u>\$ 7,239,744</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

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	<b>Trust Funds</b>	<b>Agency Funds</b>
<b>ADDITIONS</b>		
Federal revenues	\$ -	\$ 14,671,596
State revenues	-	1,093,922
Local sources	215,917	68,003
Interdistrict transfers, net	1,024,315	854,910
<b>Total Additions</b>	<u>1,240,232</u>	<u>16,688,431</u>
<b>DEDUCTIONS</b>		
Salaries	-	375,648
Employee benefits	-	111,297
Other expenditures	5,854	358,663
Student financial aid	10,405	15,842,823
<b>Total Deductions</b>	<u>16,259</u>	<u>16,688,431</u>
<b>Change in Net Position</b>	1,223,973	-
<b>Net Position - Beginning</b>	6,015,771	-
<b>Net Position - Ending</b>	<u>\$ 7,239,744</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENT OF FINANCIAL POSITION JUNE 30, 2015

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### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$	485,158
Investments		1,958,871
Accounts receivable		168,169
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>2,612,198</b>

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

Accounts payable	\$	76,528
Funds held for others		50,000
<b>Total Current Liabilities</b>		<b>126,528</b>

#### NET ASSETS

Unrestricted		572,248
Temporarily restricted		778,371
Permanently restricted		1,135,051
<b>Total Net Assets</b>		<b>2,485,670</b>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>2,612,198</b>

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Donations and special events	\$ 101,284	\$ 209,608	\$ 52,700	\$ 363,592
Donated salaries	297,256	-	-	297,256
Program fees	494,196	-	-	494,196
Program contracts	69,630	-	-	69,630
Fundraisers	171,465	-	-	171,465
Investment income	(12,951)	(16,884)	(37,705)	(67,540)
Other	36,923	(200)	-	36,723
Transfers	(64,667)	50,539	14,500	372
Net assets released from restrictions	186,705	(133,705)	(53,000)	-
<b>Total Revenues</b>	<u>1,279,841</u>	<u>109,358</u>	<u>(23,505)</u>	<u>1,365,694</u>
<b>EXPENSES</b>				
Program services:				
Scholarship	242,369	-	-	242,369
College Enhancement	631,132	-	-	631,132
Athletic Programs	171,885	-	-	171,885
Educational Programs	210,990	-	-	210,990
Support services:				
General Administrative	116,371	30,777	-	147,148
Fundraisers	75,063	-	-	75,063
Membership	944	-	-	944
<b>Total Expenses</b>	<u>1,448,754</u>	<u>30,777</u>	<u>-</u>	<u>1,479,531</u>
<b>CHANGE IN NET ASSETS</b>	<u>(168,913)</u>	<u>78,581</u>	<u>(23,505)</u>	<u>(113,837)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>741,161</u>	<u>699,790</u>	<u>1,158,556</u>	<u>2,599,507</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 572,248</u>	<u>\$ 778,371</u>	<u>\$ 1,135,051</u>	<u>\$ 2,485,670</u>

The accompanying notes are an integral part of these financial statements.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

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### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ (113,837)

Adjustments to Reconcile Change in Net Assets to Net

Cash Used By Operating Activities

(Increase)/Decrease in accounts receivable (611)

(Decrease)/Increase in accounts payable (36,633)

Increase/(Decrease) in due to other groups 50,000

**Net Cash Flows Provided/(Used) By Operating Activities** (101,081)

### CASH FLOWS FROM INVESTING ACTIVITIES

(Increase)/Decrease in investments 98,465

**Net Cash Flows Used By Investing Activities** 98,465

### NET CHANGE IN CASH AND CASH EQUIVALENTS

(2,616)

### CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

487,774

### CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 485,158

The accompanying notes are an integral part of these financial statements.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### ***NOTE 1 - ORGANIZATION***

The West Hills Community College District (District) is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The District maintains a Coalinga Campus, a Lemoore Campus, and the North District Center in Firebaugh. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District operates under a locally elected seven-member Board of Trustees form of government and provides higher education in the County of Fresno. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

A reporting entity is comprised of the primary government, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For West Hills Community College District, this includes general operations, food services, bookstores, and student related activities of the District.

### ***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit"; the "environment and ability to access/influence reporting," and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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- **West Hills Community College District Foundation**

The West Hills Community College District Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The ten-member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 9900 Cody Street, Coalinga, CA 93210.

- **West Hills Financing Corporation**

The West Hills Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to obtain new market tax credits and financing instruments specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements of the District as if the activity was the District's. Individually-prepared financial statements are not prepared for the Corporation.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and farm.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
- Notes to the Financial Statements

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2015, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

### Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the debt issuance.

### Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis.

### Prepaid Expenses

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

### Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

### **Debt Premiums**

Debt premiums are amortized over the life of the bonds using the straight-line method.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for current year pension contributions.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

### **Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time. Sick leave is accumulated as follows:

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### **Administrative/Classified Management/Confidential Staff**

- Entitled to twenty-one (21) days of sick leave per year to be posted at the rate of 1.75 days per month.

### **Certificated**

- Members shall accrue twenty (20) days of sick leave with pay for each school year, such leave to be made available on the first day of each school year.

### **Classified**

- Members shall accrue, on a monthly basis, twenty-one (21) days of sick leave with pay for each school year. The amount of days posted will be 1.75 days, or fourteen (14) hours per month for full-time employees and shall be prorated for part-time employees.

### **Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

### **Noncurrent Liabilities**

Noncurrent liabilities include bonds and notes payable, compensated absences, pension obligations, capital lease obligations and early retirement obligations with maturities greater than one year.

### **Net Position**

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

**Restricted:** Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Unrestricted:** Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for economic uncertainties.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

### **State Apportionments**

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

### **Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. Various counties bill and collect taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed various General Obligation Bonds for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

### **Board of Governors Grants (BOGG) and Fee Waivers**

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

### **Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*.

### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

### Reclassification

Certain reclassifications were made to prior years' presentations to conform to current year presentation.

### Foundation Financial Statement Presentation

The West Hills Community College District Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. As permitted by the codification, the Foundation does not use fund accounting.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

**Unrestricted Net Assets** - Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net position classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net position. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled, and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$35,413,926. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

### **New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

#### **Policies and Practices**

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

### Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Primary government	\$ 38,261,401
Fiduciary funds	7,052,754
Total Deposits and Investments	<u>\$ 45,314,155</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 2,033,233
Cash in revolving	393
Investments	43,280,529
Total Deposits and Investments	<u>\$ 45,314,155</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations as of June 30, 2015, is provided by the following schedules that show the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Held by Trustee: Master Trusts	\$ 6,618,112	\$ -	\$ -	\$ -	\$ 6,618,112
Fresno County Pool	36,826,027	-	-	-	36,826,027
Total	<u>\$ 43,444,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,444,139</u>

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance of \$1,754,649 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For June 30, 2015, of the investment in Master Trusts of \$6,618,112, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### **NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015, consist of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Government	Fiduciary Funds	Total
Federal Government			
Categorical aid	\$ 1,487,508	\$ 24,339	\$ 1,511,847
State Government			
Categorical aid	943,007	9,681	952,688
Other state sources	349,483	-	349,483
Local Sources			
Interest	144,507	-	144,507
Taxes	79,588	-	79,588
Other local sources	321,377	75,425	396,802
Total	<u>\$ 3,325,470</u>	<u>\$ 109,445</u>	<u>\$ 3,434,915</u>
Student receivables	<u>\$ 2,773,367</u>	<u>\$ 58,769</u>	<u>\$ 2,832,136</u>

### **Discretely Presented Component Unit**

The Foundation's accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

### **NOTE 5 - PREPAID EXPENDITURES**

Prepaid expenditures at June 30, 2015, consist of the following:

	Primary Government	Fiduciary Funds	Total
Travel and conferences	\$ 26,138	\$ -	\$ 26,138
Outside services	42,873	-	42,873
Scholarships	-	56,102	56,102
Total	<u>\$ 69,011</u>	<u>\$ 56,102</u>	<u>\$ 125,113</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### **NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 7,637,057	\$ -	\$ -	\$ 7,637,057
Construction in progress	1,899,060	-	1,459,608	439,452
Total Capital Assets Not Being Depreciated	9,536,117	-	1,459,608	8,076,509
Capital Assets Being Depreciated				
Land improvements	36,611,884	382,911	-	36,994,795
Buildings and improvements	126,958,885	181,590	-	127,140,475
Furniture and equipment	6,000,839	111,626	552,039	5,560,426
Total Capital Assets Being Depreciated	169,571,608	676,127	552,039	169,695,696
Total Capital Assets	179,107,725	676,127	2,011,647	177,772,205
Less Accumulated Depreciation				
Land improvements	7,932,422	1,412,591	-	9,345,013
Buildings and improvements	35,796,643	3,923,064	-	39,719,707
Furniture and equipment	4,355,474	460,137	896,077	3,919,534
Total Accumulated Depreciation	48,084,539	5,795,792	896,077	52,984,254
Net Capital Assests	<u>\$ 131,023,186</u>	<u>\$ (5,119,665)</u>	<u>\$ 1,115,570</u>	<u>\$ 124,787,951</u>

Depreciation expense for the year was \$5,795,792, including \$430,996 related to capitalized interest. No additional interest was capitalized during the year.

### **NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consist of the following:

	Primary Government	Fiduciary Funds	Total
Vendor invoices	\$ 1,906,566	\$ 221,974	\$ 2,128,540
Salaries and wages payable	1,151,826	11,115	1,162,941
Student refunds payable	-	290,513	290,513
Total	<u>\$ 3,058,392</u>	<u>\$ 523,602</u>	<u>\$ 3,581,994</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Discretely Presented Component Unit

The accounts payable of Foundation consist primarily of amounts owed to vendors for supplies and services.

### NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consists of the following:

	Primary Government	Fiduciary Funds	Total
Student financial assistance	\$ 39,025	\$ 56,150	\$ 95,175
State categorical aid	3,315,845	-	3,315,845
Enrollment fees	4,034,642	-	4,034,642
Other local	151,566	25,846	177,412
Total	<u>\$ 7,541,078</u>	<u>\$ 81,996</u>	<u>\$ 7,623,074</u>

### NOTE 9 - INTERFUND TRANSACTIONS

#### Interfund Receivables and Payable (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements and totaled \$8,456,048 before the consolidation.

#### Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process and amounted to \$15,958,507.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### **NOTE 10 - LONG-TERM OBLIGATIONS OTHER THAN PENSIONS**

The changes in the District's long-term obligations other than pensions during the year consisted of the following:

	Balance Beginning of Year (as restated)	Additions	Deductions	Balance End of Year	Current Portion
General obligation bonds - 2005 Refunding	\$ 11,935,000	\$ -	\$ 11,430,000	\$ 505,000	\$ 505,000
General obligation refunding bonds - 2012	2,890,000	-	145,000	2,745,000	145,000
Bond premium (18 year amortization)	62,950	-	3,934	59,016	3,934
General obligation bonds - 2008 (Northern)					
Current interest	2,745,000	-	2,110,000	635,000	-
Capital appreciation	1,148,631	80,075	85,000	1,143,706	100,000
Bond premium (25 year amortization)	292,284	-	14,614	277,670	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	7,800,000	-	60,000	7,740,000	70,000
Capital appreciation	184,259	14,759	-	199,018	-
Bond premium (25 year amortization)	267,693	-	11,639	256,054	11,639
General obligation bonds - 2015 Refunding (Northern), Series A	-	2,270,000	-	2,270,000	-
General obligation bonds - 2015 Refunding (Northern), Series A Premium (14 year amortization)	-	217,267	-	217,267	15,519
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	470,680	40,360	100,000	411,040	100,000
Bond premium (25 year amortization)	254,224	-	12,711	241,513	12,711
General obligation bonds - 2008, B (Coalinga)					
Current interest	6,590,000	-	65,000	6,525,000	105,000
Capital appreciation	2,330,502	176,431	-	2,506,933	-
Bond premium (25 year amortization)	336,232	-	14,619	321,613	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	865,214	88,573	145,000	808,787	155,000
Bond premium (25 year amortization)	354,111	-	17,706	336,405	17,706
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	3,560,925	294,117	40,000	3,815,042	-
Bond premium (30 year amortization)	665,291	-	24,640	640,651	24,640
General obligation bonds - 2015 Refunding, Series C	-	10,395,000	-	10,395,000	-
General obligation bonds - 2015 Refunding, Series C Premium (16 year amortization)	-	841,645	-	841,645	52,603
General obligation bonds - 2014, Series A Ed Tech	-	4,015,000	-	4,015,000	-
Certificates of Participation - 2008	70,200,000	-	70,200,000	-	-
Capital leases	1,195,744	16,455	285,385	926,814	292,883
CDE-Child Care Revolving Loan	168,000	-	42,000	126,000	42,000
Total Long-Term Obligations	<u>\$ 131,276,740</u>	<u>\$ 18,449,682</u>	<u>\$ 84,807,248</u>	<u>\$ 64,919,174</u>	<u>\$ 1,682,868</u>
Compensated absences-net	<u>\$ 1,116,750</u>	<u>\$ 395,586</u>	<u>\$ -</u>	<u>\$ 1,512,336</u>	

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### Description of Debt

Payments on the Certificates of Participation are paid by the COP Debt Service Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. The accrued vacation will be paid by the fund for which the employee worked. The Day Care Center loans are paid by the Child Development Fund and the capital leases are paid by the General and Special Revenue Funds.

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of \$926,814 will be paid through the General and the Other Special Revenue Funds.

### Bonded Debt

The District is empowered and obligated to cause to be levied ad valorem taxes, for the payment of interest on, and principal and accreted value of the bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation of rate or amount.

The outstanding general obligation bonded debt is as follows:

Issue Year	Maturity Year	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Accreted/ Issued	Defeased/ Redeemed	Bonds Outstanding June 30, 2015
2005	2032	2.5-4.75%	\$ 15,600,000	\$ 11,935,000	\$ -	\$ 11,430,000	\$ 505,000
2012	2030	2.0-3.5%	3,080,000	2,890,000	-	145,000	2,745,000
2015	2031	.59-3.72%	10,395,000	-	10,395,000	-	10,395,000
2015	2020	1.4%	4,015,000	-	4,015,000	-	4,015,000
Northern:							
2005	2034	3.41-4.950%	3,839,677	3,893,631	80,075	2,195,000	1,778,706
2012	2038	2.0-4.23%	7,957,059	7,984,259	14,759	60,000	7,939,018
2015	2029	2.42-3.56%	2,270,000	-	2,270,000	-	2,270,000
Coalinga:							
2009	2033	2.62-5.08%	2,998,815	2,850,680	40,360	100,000	2,791,040
2012	2034	2.0-4.21%	4,498,812	8,920,502	176,431	65,000	9,031,933
Lemoore:							
2009	2034	2.62-5.42%	5,999,837	5,820,214	88,573	145,000	5,763,787
2011	2042	2.56-7.40%	12,343,909	13,185,925	294,117	40,000	13,440,042
Total				<u>\$ 57,480,211</u>	<u>\$ 17,374,315</u>	<u>\$ 14,180,000</u>	<u>\$ 60,674,526</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Debt Service Requirements to Maturity

#### 2005 Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 505,000	\$ 10,100	\$ 515,100

#### 2012 Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 145,000	\$ 88,850	\$ 233,850
2017	150,000	54,500	204,500
2018	155,000	80,000	235,000
2019	160,000	76,900	236,900
2020	160,000	72,900	232,900
2021-2025	905,000	272,350	1,177,350
2026-2030	1,070,000	111,688	1,181,688
Total	\$ 2,745,000	\$ 757,188	\$ 3,502,188

#### 2015, Series C Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	445,000	499,332	944,332
2018	515,000	429,538	944,538
2019	540,000	403,787	943,787
2020	570,000	376,788	946,788
2021-2025	3,275,000	1,458,187	4,733,187
2026-2030	4,130,000	606,637	4,736,637
2031	920,000	32,200	952,200
Total	\$ 10,395,000	\$ 3,806,469	\$ 14,201,469

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### 2015 Issue - General Obligation Bonds - Ed Tech

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 51,057	\$ 51,057
2017	850,000	50,260	900,260
2018	1,005,000	37,275	1,042,275
2019	1,055,000	22,855	1,077,855
2020	1,105,000	7,735	1,112,735
Total	<u>\$ 4,015,000</u>	<u>\$ 169,182</u>	<u>\$ 4,184,182</u>

### 2008 Northern Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 16,669	\$ 16,669
2017	-	33,338	33,338
2018	-	33,338	33,338
2019	130,000	33,338	163,338
2020	150,000	26,513	176,513
2021-2022	355,000	28,613	383,613
Subtotal	<u>\$ 635,000</u>	<u>\$ 171,809</u>	<u>\$ 806,809</u>

### 2008 Northern Series A, Capital Appreciation General Obligation Bonds

<u>Year Ending June 30,</u>	<u>Value at Maturity</u>	<u>Accreted Obligation</u>	<u>Interest to Accrete</u>
2016	\$ 100,000	\$ 100,000	\$ -
2017	105,000	94,332	10,668
2018	120,000	96,864	23,136
2030-2034	2,406,061	852,510	1,553,551
Total	<u>\$ 2,731,061</u>	<u>\$ 1,143,706</u>	<u>\$ 1,587,355</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### 2008 Northern, Series B, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 70,000	\$ 330,381	\$ 400,381
2017	90,000	328,981	418,981
2018	100,000	327,181	427,181
2019	120,000	325,181	445,181
2020	130,000	321,581	451,581
2021-2025	550,000	1,572,805	2,122,805
2026-2030	1,290,000	1,427,969	2,717,969
2031-2035	2,325,000	1,144,688	3,469,688
2036-2038	3,065,000	314,750	3,379,750
Total	<u>\$ 7,740,000</u>	<u>\$ 6,093,517</u>	<u>\$ 13,833,517</u>

### 2008 Northern, Series B, Capital Appreciation General Obligation Bonds

<u>Year Ending June 30,</u>	<u>Value at Maturity</u>	<u>Accreted Obligation</u>	<u>Interest to Accrete</u>
2021-2022	<u>\$ 305,000</u>	<u>\$ 199,018</u>	<u>\$ 105,982</u>

### 2015, Series A, Current Interest General Obligation Refunding Bonds (Northern)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	-	111,042	111,042
2018	-	97,500	97,500
2019	-	97,500	97,500
2020	-	97,500	97,500
2021-2025	795,000	450,250	1,245,250
2026-2029	1,475,000	135,950	1,610,950
Total	<u>\$ 2,270,000</u>	<u>\$ 989,742</u>	<u>\$ 3,259,742</u>



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### 2008 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ -	\$ 132,950	\$ 132,950
2017	-	132,950	132,950
2018	-	132,950	132,950
2019	-	132,950	132,950
2020	-	132,950	132,950
2021-2025	545,000	599,287	1,144,287
2026-2030	835,000	409,250	1,244,250
2031-2034	1,000,000	115,500	1,115,500
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 1,788,787</u>	<u>\$ 4,168,787</u>

### 2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	\$ 100,000	\$ 100,000	\$ -
2017	100,000	90,180	9,820
2018	100,000	81,340	18,660
2019	100,000	73,360	26,640
2020	100,000	66,160	33,840
Total	<u>\$ 500,000</u>	<u>\$ 411,040</u>	<u>\$ 88,960</u>

### 2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ 105,000	\$ 248,225	\$ 353,225
2017	-	245,078	245,078
2018	-	245,075	245,075
2019	-	245,075	245,075
2020	-	245,075	245,075
2021-2025	370,000	1,220,275	1,590,275
2026-2030	1,430,000	1,085,451	2,515,451
2031-2035	1,280,000	770,113	2,050,113
2036-2039	3,340,000	407,200	3,747,200
Subtotal	<u>\$ 6,525,000</u>	<u>\$ 4,711,567</u>	<u>\$ 11,236,567</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### 2008 Coalinga, Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	\$ 140,000	\$ 124,600	\$ 15,400
2018	160,000	126,720	33,280
2019	180,000	126,900	53,100
2020-2023	945,000	494,238	450,762
Total	<u>\$ 1,425,000</u>	<u>\$ 872,458</u>	<u>\$ 552,542</u>

### 2008 Coalinga, Series B, Convertible Capital Appreciation Term General Obligation Bonds:

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2023	<u>\$ 2,325,000</u>	<u>\$ 1,634,475</u>	<u>\$ 690,525</u>

Upon maturity of capital appreciation term bonds, current interest bond payment requirements:

Year Ending June 30,	Principal	Interest	Total
2033	\$ 515,000	\$ 118,575	\$ 633,575
2034	865,000	92,310	957,310
2035	945,000	48,195	993,195
Total	<u>\$ 2,325,000</u>	<u>\$ 259,080</u>	<u>\$ 2,584,080</u>

### 2008 Lemoore Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ -	\$ 267,546	\$ 267,546
2017	-	267,546	267,546
2018	-	267,546	267,546
2019	-	267,546	267,546
2020	-	267,546	267,546
2021-2025	985,000	1,275,764	2,260,764
2026-2030	1,825,000	922,721	2,747,721
2031-2034	2,145,000	310,287	2,455,287
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 3,846,502</u>	<u>\$ 8,801,502</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

### 2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	\$ 155,000	\$ 155,000	\$ -
2017	165,000	146,949	18,051
2018	175,000	138,775	36,225
2019	185,000	130,647	54,353
2020	195,000	122,616	72,384
2021	205,000	114,800	90,200
Total	<u>\$ 1,080,000</u>	<u>\$ 808,787</u>	<u>\$ 271,213</u>

### 2008 Lemoore, Series B, Current Interest General Obligation Bonds and Convertible Capital Appreciation Bonds

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2016	\$ -	\$ 603,600	\$ 603,600
2017	-	603,600	603,600
2018	-	603,600	603,600
2019	-	603,600	603,600
2020	-	603,600	603,600
2021-2025	210,000	3,018,000	3,228,000
2026-2030	1,045,000	4,357,725	5,402,725
2031-2035	1,245,016	6,179,878	7,424,894
2036-2040	5,399,704 <sup>1</sup>	6,395,922	11,795,626
2041-2042	4,850,000 <sup>1</sup>	481,000	5,331,000
Subtotal	<u>\$ 12,749,720</u>	<u>\$ 23,450,525</u>	<u>\$ 36,200,245</u>

<sup>1</sup> A portion of the obligation reflects the current accreted obligation on the Capital Appreciation Bonds that will, on August 1, 2026, convert to Current Interest Bonds which will fully mature on August 31, 2028.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### 2008 Lemoore, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	\$ 30,000	\$ 26,700	\$ 3,300
2017	65,000	51,480	13,520
2018	95,000	66,975	28,025
2019	130,000	81,562	48,438
2020	170,000	94,928	75,072
2021-2024	865,000	368,677	496,323
Total	<u>\$ 1,355,000</u>	<u>\$ 690,322</u>	<u>\$ 664,678</u>

### Certificates of Participation

In July 2008, the West Hills Community College District Financing Corporation issued certificates of participation in the amount of \$70,200,000 with varying interest rates which were paid in full during the current fiscal year.

### Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

Balance, July 1, 2014	\$ 1,195,744
Additions	16,455
Payments	285,385
Balance, June 30, 2015	<u>\$ 926,814</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2016	\$ 331,735
2017	331,735
2018	176,171
2019	176,171
2020	2,523
Total	<u>1,018,335</u>
Less: Amount Representing Interest	91,521
Present Value of Minimum Lease Payments	<u>\$ 926,814</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **CDE Revolving Loan**

The District entered into four separate interest-free facilities loans with the California Department of Education for child care facilities; two facilities at the Firebaugh campus and two at the Lemoore campus. The loans were each for \$130,000 and are to be repaid over a ten year period interest free.

The remaining lease payments are as follows:

Year Ending June 30,	Lease Payment
2016	\$ 42,000
2017	42,000
2018	42,000
Total	<u>\$ 126,000</u>

### ***NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) ASSET***

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

#### **Plan Description**

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 57 retirees and beneficiaries currently receiving benefits and over 272 active plan members.

#### **Contribution Information**

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2015, the District contributed 100 percent of the required "pay as you go" portion of \$463,000 and has also contributed funds totaling \$589,822 towards the future obligations of the District. The annual required contribution (ARC) for the District was \$837,975. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$2,662,793 as of June 30, 2015.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### Annual OPEB Cost and Net OPEB Asset

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB asset to the Plan:

Annual required contribution	\$ (837,975)
Additional interest earned, net of expenses, on net plan assets	(50,927)
Adjustment to annual required contribution	(255,117)
Annual OPEB cost (expense)	<u>(1,144,019)</u>
Contributions made	<u>1,052,822</u>
Change in net OPEB asset	(91,197)
Net OPEB asset, beginning of year	<u>2,753,990</u>
Net OPEB asset, end of year	<u><u>\$ 2,662,793</u></u>

### Trend Information

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for the past is as follows:

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Asset
2015	\$ 837,975	159%	\$ 2,662,793
2014	661,234	133%	2,753,990
2013	455,083	149%	2,190,852

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Funding Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
November 1, 2014	\$ 6,040,662	\$ 10,670,120	\$ 4,629,458	56.61%	\$ 23,836,774	19.42%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the November 1, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates was 4.0 percent. The cost trend rate used for the Dental and Vision Programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2015, was 19 years. As of June 30, 2015, the Trust held assets with a value of \$6,618,112.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **NOTE 12 - RISK MANAGEMENT**

#### **Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2015, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### **Workers' Compensation**

For fiscal year 2014-2015, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of PIPS. Participation in PIPS is limited to community college districts that can meet PIPS's selection criteria.

### **NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 16,872,365	\$ 1,070,578	\$ 4,154,788	\$ 1,456,630
CalPERS	12,629,704	1,386,708	4,339,708	1,122,523
Total	<u>\$ 29,502,069</u>	<u>\$ 2,457,286</u>	<u>\$ 8,494,496</u>	<u>\$ 2,579,153</u>



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

### Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$1,070,578.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 16,872,365
State's proportionate share of the net pension liability associated with the District	10,188,262
Total	<u>\$ 27,060,627</u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0289 percent.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$1,456,630. In addition, the District recognized revenue and pension expense of \$879,576 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,070,578	\$ -
Difference between projected and actual earnings on pension plan investments	-	4,154,788
Total	<u>\$ 1,070,578</u>	<u>\$ 4,154,788</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,038,697
2017	1,038,697
2018	1,038,697
2019	1,038,697
Total	<u>\$ 4,154,788</u>

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 26,299,604
Current discount rate (7.60%)	\$ 16,872,365
1% increase (8.60%)	\$ 9,011,761

### **California Public Employees' Retirement System (CalPERS)**

#### **Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

#### **Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were \$1,386,708.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$12,629,704. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1113 percent.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$1,122,523. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,386,708	\$ -
Difference between projected and actual earnings on pension plan investments	-	4,339,708
Total	<u>\$ 1,386,708</u>	<u>\$ 4,339,708</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,084,927
2017	1,084,927
2018	1,084,927
2019	1,084,927
Total	<u>\$ 4,339,708</u>

### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 22,155,385
Current discount rate (7.50%)	\$ 12,629,704
1% increase (8.50%)	\$ 4,670,038

### **On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2015, 2014, and 2013, which amounted to \$707,428, \$773,783, and \$665,534, respectively, (5.679 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2015, 2014, and 2013. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

### **APPLE**

#### **Plan Description**

The District contributes to the APPLE plan for employees not covered under CalPERS or CalSTRS plans. The plan provides benefits in a lump sum distribution of the employees' vested balance as of their retirement date.

#### **Funding Policy**

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2015, was \$53,060.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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### ***NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES***

The District is a member of the Central Valley Trust (CVT), the Self Insured Schools of California (SISC), the State Wide Association of Community Colleges (SWACC), and the Protected Insurance Program for Schools (PIPS) Joint Powers Authorities (JPAs). The District pays annual premiums for its health, property liability, and worker's compensation coverage. The relationship between the District and the JPAs is such that it is not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2015, the District made payments of \$1,354,652, \$4,114,221, \$440,963, and \$261,539, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

### ***NOTE 15 - COMMITMENTS AND CONTINGENCIES***

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

#### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### ***NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION***

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	\$ 101,980,720
Restatement of long-term obligations for implementation of GASB Statement No. 68	<u>(35,413,926)</u>
Net Position - Beginning as Restated	<u><u>\$ 66,566,794</u></u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**WEST HILLS COMMUNITY COLLEGE DISTRICT****SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>Actuarial Valuation Date</b>	<b>Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b - a] / c)</b>
November 1, 2014	\$ 6,040,662	\$ 10,670,120	\$ 4,629,458	56.61%	\$ 23,836,774	19.42%
November 1, 2012	\$ 3,892,368	\$ 7,180,848	\$ 3,288,480	54.20%	\$ 23,702,465	13.87%
November 1, 2011	\$ 2,734,825	\$ 7,259,572	\$ 4,524,747	37.67%	\$ 24,904,850	18.17%

## WEST HILLS COMMUNITY COLLEGE DISTRICT

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
<b>CalSTRS</b>	
District's proportion of the net pension liability (asset)	<u>0.0289%</u>
District's proportionate share of the net pension liability (asset)	\$ 16,872,365
State's proportionate share of the net pension liability (asset) associated with the District	<u>10,188,262</u>
Total	<u><u>\$ 27,060,627</u></u>
District's covered - employee payroll	<u>\$ 13,313,333</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>126.73%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 <b>CalPERS</b>	
District's proportion of the net pension liability (asset)	<u>0.1113%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 12,629,704</u>
District's covered - employee payroll	<u>\$ 11,462,620</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>110.18%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

*Note:* In the future, as data become available, ten years of information will be presented.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
<b>CalSTRS</b>	
Contractually required contribution	\$ 1,070,578
Contributions in relation to the contractually required contribution	<u>1,070,578</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 District's covered - employee payroll	 <u>\$ 12,056,059</u>
 Contributions as a percentage of covered - employee payroll	 <u>8.88%</u>
 <b>CalPERS</b>	
Contractually required contribution	\$ 1,386,708
Contributions in relation to the contractually required contribution	<u>1,386,708</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 District's covered - employee payroll	 <u>\$ 11,780,715</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.771%</u>

*Note* : In the future, as data become available, ten years of information will be presented.

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***SUPPLEMENTARY INFORMATION***

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# WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2015**

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The West Hills Community College District was established in September 1932. The West Hills Community College District provides postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The West Hills Community College District maintains a District Office, a Coalinga College, a Lemoore College, the North District Center in Firebaugh, and a center at NAS Lemoore. There were no changes in the boundaries of the District during the fiscal year.

### TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mark McKean	President	November 2015
Nina Oxborrow	Vice President	November 2017
Jack Minnite	Clerk	November 2017
Steve Cantu	Member	November 2015
Len Falter	Member	November 2015
Martin Maldonado	Member	November 2015
J.L. Levinson	Member	November 2017

### ADMINISTRATION

Dr. Frank P. Gornick	Chancellor
Mr. Ken Stoppenbrink	Deputy Chancellor, Business Services
Mr. Don Warkentin	President, West Hills College Lemoore
Dr. Carole Goldsmith	President, West Hills College Coalinga
Dr. Stu Van Horn	Vice Chancellor, Educational Services and Workforce Development
Mr. Dave Bolt	Vice President, Educational Services, West Hills College Lemoore
Ms. Stephanie Droker	Vice President, Educational Services, West Hills College Coalinga
Ms. Sylvia Dorsey-Robinson	Vice President, Student Services, West Hills College Lemoore
Ms. Sandy McGlothlin	Vice President, Student Services, West Hills College Coalinga

See accompanying note to supplementary information.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>		
High School Equivalency Program	84.141A	\$ 34,245
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	200,822
Direct Loans	84.268	2,728,311
Federal Workstudy	84.033	171,512
TANF 50% Federal/Calworks	84.033	267,031
Pell Grant	84.063	11,742,463
Subtotal - Student Financial Assistance Cluster		15,110,139
Title V - Higher Education - Institutional Aid	84.031S	723,429
TRIO Cluster:		
Upward Bound	84.047A	721,359
Upward Bound - Math / Science	84.047M	249,645
Student Support Services/One Step Beyond	84.042A	263,117
Subtotal - TRIO Cluster		1,234,121
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	100,000
VTEA - Tech Prep	84.048	86,538
VTEA IB	84.048	219,457
Subtotal - VTEA Programs		405,995
Subtotal - U.S. Department of Education		17,507,929
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Child and Adult Care Food Program	10.558	407,436
Rural Business Enterprise Grant	10.769	48,773
Subtotal - U.S. Department of Agriculture		456,209
<b>U.S. DEPARTMENT OF LABOR</b>		
Trade Adjustment Assistance Community College & Career Training	17.282	4,297,691
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	422,523
Workforce Investment Act - Dislocated Worker	17.278	326,447
Workforce Investment Act - Youth Employment Program	17.259	383,744
Workforce Investment Act - National Emergency	17.277	2,472
Subtotal - Workforce Investment Cluster		1,135,186
Subtotal U.S. Department of Labor		5,432,877
<b>NATIONAL SCIENCE FOUNDATION</b>		
Achieving Community College Excellence for Scholarship Success	47.076	67,285
Total Federal Programs		\$ 23,464,300

See accompanying note to supplementary information.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	\$ 760,152	\$ 742,909	\$ 1,503,061
Award for Innovation	2,500,000	-	2,500,000
BFAP - Financial Aid Administration	290,197	304,667	594,864
Basic Skills/ Immigrant Edu. Supplement	179,995	292,222	472,217
California Drought Relief	29,109	-	29,109
Cal Works	279,076	309,050	588,126
CARE Grant	222,523	127,102	349,625
Career Pathways Trust	19,318	-	19,318
Child Care-State Preschool	2,296,417	2,296,417	4,592,834
Child Care-Food	24,264	23,978	48,242
Disability Support Programs and Services	702,164	436,230	1,138,394
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	7,950	4,850	12,800
Extended Opportunity Program and Service	806,843	650,614	1,457,457
First Five			
Prop 10 - Avenal	90,000	90,000	180,000
Instructional Equipment	9,011	549,762	558,773
IRDC/Merced CCD	72,800	-	72,800
Health Care Career	-	64,259	64,259
Lottery			
Restricted	104,603	644,209	748,812
Physical Plant and Instructional Support	686,587	-	686,587
Staff Diversity	10,636	4,467	15,103
Student Success and Support Program (Matriculation)	445,497	359,553	805,050
Student Success and Support Program Student Equity	428,009	-	428,009
Career Tech Education Equipment	-	1,960	1,960
Teacher Prep Pipeline	88,721	78,723	167,444
Responsive Incumbent Workers	-	73,223	73,223
CCCCO/Nursing Education	282,932	335,000	617,932
CCCCO/Adult	151,270	106,261	257,531
Career Academy Grant: Coalinga	750,000	1,509,000	2,259,000
Building Maintenance and Repair	109,705	109,705	219,410
Song Brown	44,585	162,500	207,085
CDCR - Institutional Transition Program	1,027,095	19,306	1,046,401
Middle College High	121,846	99,000	220,846
Total State Programs	<u>\$ 12,551,305</u>	<u>\$ 9,404,967</u>	<u>\$ 21,956,272</u>

See accompanying note to supplementary information.

Program Revenues				Total
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 753,367	\$ 6,785	\$ -	\$ 760,152	\$ 760,152
2,500,000	-	2,492,213	7,787	7,787
296,209	-	-	296,209	296,209
285,045	-	105,050	179,995	179,995
18,750	10,359	-	29,109	29,109
320,338	-	-	320,338	320,338
127,102	-	-	127,102	127,102
51,888	-	32,570	19,318	19,318
2,407,760	-	-	2,407,760	2,538,258
20,489	3,775	-	24,264	24,264
502,361	-	-	502,361	502,361
3,573	6,427	-	10,000	10,000
7,225	725	-	7,950	7,950
638,814	346	-	639,160	639,160
76,656	-	-	76,656	76,656
27,243	-	18,232	9,011	9,011
20,807	51,993	-	72,800	72,800
-	-	-	-	-
362,612	181,841	439,850	104,603	104,603
686,587	-	-	686,587	686,587
4,264	-	-	4,264	4,264
804,815	235	-	805,050	805,050
427,962	47	165,523	262,486	262,486
1,960	-	1,960	-	-
52,223	36,498	-	88,721	88,721
-	-	-	-	-
282,932	-	-	282,932	282,932
151,270	-	60,447	90,823	90,823
442,622	307,943	-	750,565	750,565
109,705	-	-	109,705	109,705
33,179	11,406	-	44,585	44,585
101,362	265,227	-	366,589	366,589
39,600	59,400	-	99,000	99,000
<u>\$ 11,558,720</u>	<u>\$ 943,007</u>	<u>\$ 3,315,845</u>	<u>\$ 9,185,882</u>	<u>\$ 9,316,380</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2014 only)</b>			
1. Noncredit	75.39	-	75.39
2. Credit	524.82	-	524.82
<b>B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)</b>			
1. Noncredit	1.00	-	1.00
2. Credit	7.33	-	7.33
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,449.19	-	2,449.19
(b) Daily Census Contact Hours	616.92	-	616.92
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	312.36	-	312.36
(b) Credit	63.58	-	63.58
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,114.58	-	1,114.58
(b) Daily Census Contact Hours	149.26	-	149.26
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>5,314.43</u>	<u>-</u>	<u>5,314.43</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>			
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit	378.66	-	378.66
2. Credit	223.36	-	223.36
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	4.38	-	4.38
2. Credit	753.35	-	753.35

See accompanying note to supplementary information.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2015

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	\$ 5,654,034	\$ -	\$ 5,654,034	\$ 5,654,034	\$ -	\$ 5,654,034
Other	1300	3,174,062	-	3,174,062	3,174,062	-	3,174,062
<b>Total Instructional Salaries</b>		8,828,096	-	8,828,096	8,828,096	-	8,828,096
<b>Noninstructional Salaries</b>							
Contract or Regular	1200	-	-	-	2,678,397	-	2,678,397
Other	1400	-	-	-	227,003	-	227,003
<b>Total Noninstructional Salaries</b>		-	-	-	2,905,400	-	2,905,400
<b>Total Academic Salaries</b>		8,828,096	-	8,828,096	11,733,496	-	11,733,496
<b><u>Classified Salaries</u></b>							
<b>Noninstructional Salaries</b>							
Regular Status	2100	-	-	-	4,514,654	-	4,514,654
Other	2300	-	-	-	275,945	-	275,945
<b>Total Noninstructional Salaries</b>		-	-	-	4,790,599	-	4,790,599
<b>Instructional Aides</b>							
Regular Status	2200	103,669	-	103,669	103,669	-	103,669
Other	2400	639,910	-	639,910	639,910	-	639,910
<b>Total Instructional Aides</b>		743,579	-	743,579	743,579	-	743,579
<b>Total Classified Salaries</b>		743,579	-	743,579	5,534,178	-	5,534,178
Employee Benefits	3000	2,370,035	-	2,370,035	5,800,310	-	5,800,310
Supplies and Material	4000	-	-	-	471,239	-	471,239
Other Operating Expenses	5000	230,133	-	230,133	1,678,955	-	1,678,955
Equipment Replacement	6420	-	-	-	-	-	-
<b>Total Expenditures Prior to Exclusions</b>		12,171,843	-	12,171,843	25,218,178	-	25,218,178

See accompanying note to supplementary information.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b><u>Exclusions</u></b>							
<b>Activities to Exclude</b>							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 229,506	\$ -	\$ 229,506	\$ 229,506	\$ -	\$ 229,506
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	107,641	-	107,641
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	288,147	-	288,147
<b>Objects to Exclude</b>							
Rents and Leases	5060	-	-	-	139,262	-	139,262
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	1,171	-	1,171
Instructional Supplies and Materials	4300	-	-	-	75,147	-	75,147
Noninstructional Supplies and Materials	4400	-	-	-	391,930	-	391,930
<b>Total Supplies and Materials</b>		-	-	-	468,248	-	468,248

See accompanying note to supplementary information.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 242,124	\$ -	\$ 242,124
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
<b>Total Equipment</b>		-	-	-	-	-	-
<b>Total Capital Outlay</b>							
Other Outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		229,506	-	229,506	1,474,928	-	1,474,928
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 11,942,337	\$ -	\$ 11,942,337	\$ 23,743,250	\$ -	\$ 23,743,250
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		50.30%		50.30%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 11,871,625		\$ 11,871,625

See accompanying note to supplementary information.



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				
					\$ 5,644,760
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900				
		\$ 5,644,760	-	-	\$ 5,644,760
Total Expenditures for EPA		\$ 5,644,760	-	-	\$ 5,644,760
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

## **WEST HILLS COMMUNITY COLLEGE DISTRICT**

### **RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2015

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### Amounts Reported in the Statement of Net Position are Different Because:

<b>Total Fund Balance - All District Funds</b>		<b>\$ 33,163,000</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 177,772,205	
Accumulated depreciation is	<u>(52,984,254)</u>	124,787,951
The Retiree Benefit Trust (GASB 45) is reported in the entity-wide statements as a Net Plan Asset or an OPEB obligation and not at it's full value. This is the difference between the Trust value and the Net Plan Asset.		2,662,793
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		2,457,286
Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(8,494,496)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Bonds payable	63,866,360	
Capital leases payable	926,814	
CDE-Child Care revolving loan	126,000	
Compensated absences (vacations)	1,512,336	
Net pension obligation	<u>29,502,069</u>	<u>(95,933,579)</u>
<b>Total Net Position</b>		<b><u>\$ 58,642,955</u></b>

See accompanying note to supplementary information.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2015**

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### ***NOTE 1 - PURPOSE OF SCHEDULES***

#### **District Organization**

This schedule provides information about the District's governing board members and administration members.

#### **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Please refer to both the Statements of Revenues, Expenses, and Changes in Net Position - Primary Government as well as the Fiduciary Fund Statements.

#### **Schedule of Expenditures of State Awards**

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

#### **Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance**

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

#### **Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation**

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

#### **Proposition 30 Education Protection Act (EPA) Expenditure Report**

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

#### **Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **NOTES TO SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

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### **Reconciliation of Governmental Funds to the Statement of Net Position**

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

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***INDEPENDENT AUDITOR'S REPORTS***

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
West Hills Community College District  
Coalinga, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2015.

**Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 29, 2015





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
West Hills Community College District  
Coalinga, California

**Report on Compliance for Each Major Federal Program**

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 29, 2015



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
West Hills Community College District  
Coalinga, California

### Report on State Compliance

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District did not participate in any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive any funds from Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 29, 2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2015

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### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.031S</u>	<u>Title V - Higher Education - Institutional Aid</u>
	<u>Vocational and Technical Education Act</u>
<u>84.048</u>	<u>(VTEA) programs</u>
	<u>Trade Adjustment Assistance Community</u>
<u>17.282</u>	<u>College &amp; Career Training</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

### STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

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***ADDITIONAL SUPPLEMENTARY INFORMATION***  
***(UNAUDITED)***

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# WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS

### BALANCE SHEETS

JUNE 30, 2015

	General Unrestricted	General Restricted	Cafeteria
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,081,070	\$ 55,045	\$ 9,756
Investments	-	-	-
Accounts receivable	702,132	2,374,114	1,331
Student loans receivable	2,770,631	-	2,736
Due from other funds	628,762	2,945,851	21,908
Prepaid expenses	42,873	26,138	-
Stores inventories	-	-	-
Other current assets	-	-	-
<b>Total Assets</b>	<b>\$ 16,225,468</b>	<b>\$ 5,401,148</b>	<b>\$ 35,731</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,557,216	\$ 1,098,920	\$ 35,232
Due to other funds	6,623,711	796,292	-
Other current liabilities	-	-	-
Unearned revenue	4,034,642	3,505,936	500
<b>Total Liabilities</b>	<b>12,215,569</b>	<b>5,401,148</b>	<b>35,732</b>
<b>FUND EQUITY</b>			
Fund Balances			
Restricted	-	-	-
Nonspendable	42,873	26,138	-
Unreserved			
Committed	-	-	-
Uncommitted	3,967,026	(26,138)	(1)
<b>Total Fund Equity</b>	<b>4,009,899</b>	<b>-</b>	<b>(1)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 16,225,468</b>	<b>\$ 5,401,148</b>	<b>\$ 35,731</b>

See accompanying note to additional supplementary information.

<b>Child Development</b>	<b>Farm Operations</b>	<b>Residence Living</b>	<b>Revenue Bond Interest and Redemption</b>	<b>COP/SFID Debt Service</b>	<b>COP #1 Capital Outlay</b>
\$ 568,170	\$ 8,232	\$ 276	\$ 2,979,650	\$ -	\$ -
-	-	-	-	-	-
130,393	3,329	-	42,505	-	-
-	-	-	-	-	-
-	170,625	26,697	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 698,563</u>	<u>\$ 182,186</u>	<u>\$ 26,973</u>	<u>\$ 3,022,155</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 136,383	\$ 22,784	\$ 26,772	\$ -	\$ -	\$ -
561,146	-	200	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>697,529</u>	<u>22,784</u>	<u>26,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	3,022,155	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,034	159,402	1	-	-	-
<u>1,034</u>	<u>159,402</u>	<u>1</u>	<u>3,022,155</u>	<u>-</u>	<u>-</u>
<u>\$ 698,563</u>	<u>\$ 182,186</u>	<u>\$ 26,973</u>	<u>\$ 3,022,155</u>	<u>\$ -</u>	<u>\$ -</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEETS, Continued JUNE 30, 2015

	MUSC New Market Tax Credit	FOF1 New Market Tax Credit	Capital Outlay Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,672,035	\$ 1,124,975	\$ 5,511,013
Investments	-	-	-
Accounts receivable	9,736	-	9,108
Student loans receivable	-	-	-
Due from other funds	55,349	-	3,744,346
Prepaid expenses	-	-	-
Stores inventories	-	-	-
Other current assets	-	-	-
<b>Total Assets</b>	<u>\$ 1,737,120</u>	<u>\$ 1,124,975</u>	<u>\$ 9,264,467</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 181,085
Due to other funds	-	-	139,508
Other current liabilities	-	-	-
Unearned revenue	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>320,593</u>
<b>FUND EQUITY</b>			
Fund Balances			
Restricted	1,737,120	1,124,975	8,943,874
Nonspendable	-	-	-
Unreserved			
Committed	-	-	-
Uncommitted	-	-	-
<b>Total Fund Equity</b>	<u>1,737,120</u>	<u>1,124,975</u>	<u>8,943,874</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,737,120</u>	<u>\$ 1,124,975</u>	<u>\$ 9,264,467</u>

See accompanying note to additional supplementary information.

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<b>Revenue Bond Construction</b>	<b>General Construction</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ 14,251,179	\$ -	\$ 38,261,401
-	-	-
52,822	-	3,325,470
-	-	2,773,367
84,160	-	7,677,698
-	-	69,011
-	-	-
-	-	-
<u>\$ 14,388,161</u>	<u>\$ -</u>	<u>\$ 52,106,947</u>
\$ -	\$ -	\$ 3,058,392
223,620	-	8,344,477
-	-	-
-	-	7,541,078
<u>223,620</u>	<u>-</u>	<u>18,943,947</u>
14,164,541	-	28,992,665
-	-	69,011
-	-	-
-	-	4,101,324
<u>14,164,541</u>	<u>-</u>	<u>33,163,000</u>
<u>\$ 14,388,161</u>	<u>\$ -</u>	<u>\$ 52,106,947</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS

### STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2015

	General Unrestricted	General Restricted	Cafeteria
<b>REVENUES</b>			
Federal revenues	\$ 3,233	\$ 8,382,035	\$ -
State revenues	26,336,017	6,634,397	-
Local revenues	7,578,543	173,704	760,579
<b>Total Revenues</b>	<u>33,917,793</u>	<u>15,190,136</u>	<u>760,579</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	12,647,871	3,156,117	-
Classified salaries	6,316,928	4,059,374	322,702
Employee benefits	7,010,241	2,310,914	134,481
Books and supplies	652,489	470,963	455,135
Services and operating expenditures	2,849,623	2,179,023	324,028
Student financial aid	(9,926)	268,644	-
Capital outlay	121,971	603,003	5,857
Debt service - principal	141,426	-	-
Debt service - interest and other	37,952	-	-
<b>Total Expenditures</b>	<u>29,768,575</u>	<u>13,048,038</u>	<u>1,242,203</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,149,218</u>	<u>2,142,098</u>	<u>(481,624)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	1,403,634	143,299	481,623
Operating transfers out	(4,802,277)	(2,285,397)	-
Other sources	16,455	-	-
Other uses	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(3,382,188)</u>	<u>(2,142,098)</u>	<u>481,623</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>767,030</u>	<u>-</u>	<u>(1)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,242,869</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,009,899</u>	<u>\$ -</u>	<u>\$ (1)</u>

See accompanying note to additional supplementary information.



<b>Child Development</b>	<b>Farm Operations</b>	<b>Residence Living</b>	<b>Revenue Bond Interest and Redemption</b>	<b>COP/SFID Debt Service</b>	<b>COP #1 Capital Outlay</b>
\$ 407,436	\$ -	\$ -	\$ -	\$ -	\$ -
3,473,567	-	-	17,802	-	-
199,205	150,757	323,333	3,825,991	-	328,259
4,080,208	150,757	323,333	3,843,793	-	328,259
-	120,349	-	-	-	-
2,877,151	54,052	177,260	-	-	-
1,087,311	58,403	142,147	-	-	-
238,582	80,393	19,230	-	-	-
1,152,846	294,049	205,470	-	-	268,749
-	-	-	-	-	-
427	1,589	11,992	-	-	-
42,000	-	-	1,130,000	-	70,200,000
-	-	-	2,667,444	-	4,764
5,398,317	608,835	556,099	3,797,444	-	70,473,513
(1,318,109)	(458,078)	(232,766)	46,349	-	(70,145,254)
1,319,143	517,403	232,767	-	-	4,970,849
-	-	-	(7,224)	(4,970,849)	(1,099,282)
-	-	-	-	-	-
-	-	-	-	-	-
1,319,143	517,403	232,767	(7,224)	(4,970,849)	3,871,567
1,034	59,325	1	39,125	(4,970,849)	(66,273,687)
-	100,077	-	2,983,030	4,970,849	66,273,687
\$ 1,034	\$ 159,402	\$ 1	\$ 3,022,155	\$ -	\$ -

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS

### STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCES, Continued

#### FOR THE YEAR ENDED JUNE 30, 2015

	MUSC New Market Tax Credit	FOF1 New Market Tax Credit	Capital Outlay Projects
<b>REVENUES</b>			
Federal revenues	\$ -	\$ -	\$ -
State revenues	-	-	146,572
Local revenues	111,734	99,590	272,628
<b>Total Revenues</b>	<u>111,734</u>	<u>99,590</u>	<u>419,200</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	-	2,546
Services and operating expenditures	146,973	1,801	1,016,195
Student financial aid	-	-	-
Capital outlay	-	-	2,404,809
Debt service - principal	-	-	143,959
Debt service - interest and other	84,068	100,825	33,694
<b>Total Expenditures</b>	<u>231,041</u>	<u>102,626</u>	<u>3,601,203</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(119,307)</u>	<u>(3,036)</u>	<u>(3,182,003)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	5,003,325
Operating transfers out	-	-	-
Other sources	-	-	-
Other uses	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>5,003,325</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(119,307)</u>	<u>(3,036)</u>	<u>1,821,322</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,856,427</u>	<u>1,128,011</u>	<u>7,122,552</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,737,120</u>	<u>\$ 1,124,975</u>	<u>\$ 8,943,874</u>

See accompanying note to additional supplementary information.

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<b>Revenue Bond Construction</b>	<b>General Construction</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ -	\$ -	\$ 8,792,704
-	-	36,608,355
185,153	-	14,009,476
185,153	-	59,410,535
-	-	15,924,337
-	-	13,807,467
-	-	10,743,497
-	-	1,919,338
168,907	-	8,607,664
-	-	258,718
-	-	3,149,648
13,050,000	-	84,707,385
673,912	-	3,602,659
13,892,819	-	142,720,713
(13,707,666)	-	(83,310,178)
7,239	-	14,079,282
(2,793,463)	(15)	(15,958,507)
17,738,912	-	17,755,367
-	-	-
14,952,688	(15)	15,876,142
1,245,022	(15)	(67,434,036)
12,919,519	15	100,597,036
\$ 14,164,541	\$ -	\$ 33,163,000

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## FIDUCIARY FUNDS BALANCE SHEETS JUNE 30, 2015

	Agency Funds		
	Associated Students Agency	Student Financial Aid	Foundation Agency
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,984	\$ 272,035	\$ 5,042
Investments	-	-	-
Accounts receivable	905	76,632	31,908
Student loans receivable	59	58,710	-
Due from primary government	80,281	154,122	-
Prepaid expenses	-	56,102	-
<b>Total Assets</b>	<b>\$ 119,229</b>	<b>\$ 617,601</b>	<b>\$ 36,950</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 31,167	\$ 481,206	\$ 11,229
Due to primary government	43,946	8	25,721
Other current liabilities	-	-	-
Unearned revenue	12	81,984	-
Due to student groups	44,104	54,403	-
<b>Total Liabilities</b>	<b>119,229</b>	<b>617,601</b>	<b>36,950</b>
<b>NET POSITION</b>			
Net Position			
Restricted	-	-	-
<b>Total Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 119,229</b>	<b>\$ 617,601</b>	<b>\$ 36,950</b>

See accompanying note to additional supplementary information.

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Scholarship and Loan	Trust Funds		Total
	GASB 45 Trust	Other Trust	
\$ 77,163	\$ -	\$ 42,418	\$ 434,642
-	6,618,112	-	6,618,112
-	-	-	109,445
-	-	-	58,769
37,943	500,000	6,004	778,350
-	-	-	56,102
<u>\$ 115,106</u>	<u>\$ 7,118,112</u>	<u>\$ 48,422</u>	<u>\$ 8,055,420</u>
\$ -	\$ -	\$ -	\$ 523,602
35,892	-	6,004	111,571
-	-	-	-
-	-	-	81,996
-	-	-	98,507
<u>35,892</u>	<u>-</u>	<u>6,004</u>	<u>815,676</u>
79,214	7,118,112	42,418	7,239,744
<u>79,214</u>	<u>7,118,112</u>	<u>42,418</u>	<u>7,239,744</u>
<u>\$ 115,106</u>	<u>\$ 7,118,112</u>	<u>\$ 48,422</u>	<u>\$ 8,055,420</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## FIDUCIARY FUNDS

### STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Agency Funds		
	Associated Students Agency	Student Financial Aid	Foundation Agency
<b>REVENUES</b>			
Federal revenues	\$ -	\$ 14,671,596	\$ -
State revenues	-	1,093,922	-
Local revenues	4,483	1,668	61,852
<b>Total Revenues</b>	<u>4,483</u>	<u>15,767,186</u>	<u>61,852</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Academic salaries	-	-	108,123
Classified salaries	-	-	267,525
Employee benefits	-	-	111,297
Books and supplies	-	-	193
Services and operating expenditures	44,406	257,406	145,387
Student financial aid	400	15,842,423	-
<b>Total Expenditures</b>	<u>44,806</u>	<u>16,099,829</u>	<u>632,525</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(40,323)</u>	<u>(332,643)</u>	<u>(570,673)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	284,237	570,673
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>284,237</u>	<u>570,673</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(40,323)</u>	<u>(48,406)</u>	<u>-</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>40,323</u>	<u>48,406</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to additional supplementary information.

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<b>Trust Funds</b>			
<b>Scholarship and Loan</b>	<b>GASB 45 Trust</b>	<b>Other Trust</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 14,671,596
-	-	-	1,093,922
-	210,925	4,992	283,920
-	210,925	4,992	16,049,438
-	-	-	108,123
-	-	-	267,525
-	-	-	111,297
-	-	-	193
-	500	5,354	453,053
10,405	-	-	15,853,228
10,405	500	5,354	16,793,419
(10,405)	210,425	(362)	(743,981)
24,315	1,000,000	-	1,879,225
24,315	1,000,000	-	1,879,225
13,910	1,210,425	(362)	1,135,244
65,304	5,907,687	42,780	6,104,500
\$ 79,214	\$ 7,118,112	\$ 42,418	\$ 7,239,744

## **WEST HILLS COMMUNITY COLLEGE DISTRICT**

### **NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2015**

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#### ***NOTE 1 - PURPOSE OF SCHEDULES***

##### **Fund Financial Statements**

The accompanying financial statements report the governmental fund activities of West Hills Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts present in, or used in, the preparation of the basic financial statements.